

GLOBAL NEWS LINE

CHINA

A 1,500-unit housing development project in Beijing has reached an important milestone that may pave the way for U.S. building products firms wishing to enter China's rapidly growing housing market, a Chinese Ministry of Construction official said during a June 12, 2002, meeting with U.S. Commerce Department representatives. The Chinese developer of the project, a component of the U.S.-China Housing Initiative, has completed the planning and design phase and is beginning construction work at the site. The developer hopes to identify and procure the latest U.S. building materials and technologies for incorporation into the first 50 units of the planned multi-family homes. This presents an excellent opportunity for U.S. manufacturers and suppliers of doors and windows, HVAC systems, water equipment, high-end bathroom fixtures, interior moldings, and energy efficient and environmentally friendly technologies. A similar 1,500-unit housing project is under way in Shanghai, and there are comparable proposals for at least three other major cities in China.

U.S. building products manufacturers and suppliers can obtain detailed information about this opportunity by contacting Gary Stanley at (202) 482-0376 or gary_stanley@ita.doc.gov.

SRI LANKA

The enduring cease-fire in Sri Lanka has allowed the government and private sector to embark on delayed initiatives to improve infrastructure and foster economic growth. Not waiting for official notification, firms already active in the region are seizing opportunities that exist at this initial stage of reform and development. Commitments have been made on many large projects, though many substantial projects still remain available.

The economic landscape in Sri Lanka has changed dramatically in the seven months since a new government came to power. Peace and economic reform are top priorities. Firms active in this transitional period are now tapping the potential for growth and development that was latent during the conflict. Waiting for a peace accord and regulatory reform are the conservative approach, but for firms willing to take the risk, big projects exist.

Opportunities in Sri Lanka for foreign firms can come through official government tenders, unsolicited proposals, and purely private sector arrangements. The government is attempting to inject transparency into procurement processes, with limited success so far. Personal and familial relationships, traditional partnerships, influence peddling, rumor, and exaggeration still may affect any proposal. It is, however, possible in this environment for U.S. companies, with high standards and tenacity, to play by the rules and win.

AUSTRALIA

The government will spend over \$950 million to protect Australia's environment in the next fiscal year, \$100 million more than was spent in 2001-02. This is the highest amount ever spent by any federal government to preserve Australia's environment.

The Natural Heritage Trust is being extended for the next five years with a \$500 million injection. A key focus of the next phase of the Natural Heritage Trust will be water quality. At least \$185 million of the new trust funding will be spent directly on measures to improve water quality. Additional environmental initiatives include rehabilitating the historic Sydney Harbor foreshore, implementing new national fuel quality standards legislation, and developing sewage schemes in several areas.

U.S. companies interested in the Australian environmental market are encouraged to contact John Kanawati by calling (+61) 2-9373-9207, or e-mailing john.kanawati@mail.doc.gov.

VENEZUELA

The Venezuelan footwear industry reports that over 400 companies have had to close with a loss of 35,000 workers, due to a steep rise in the incidence of contraband merchandise, mainly from Colombia and China.

In 1995 Venezuela produced 35 million pairs of shoes, imported 11.2 million pairs, and absorbed contraband of 1.2 million. In the year 2001, production dropped to 12.9 million pairs. Legal imports rose to 17 million pairs, but contraband rose to 68.7 million pairs. The footwear manufacturers' association believes that the preferred method of smuggling is the "recycling" of shipping documents. For instance, the shipping documents for one legally imported container load may be used for another 10 containers without paying duty or VAT (since the reused documentation shows these fees as paid). Such smuggling is of course done through collusion with customs officials. The footwear association estimates that the loss of income to the state totaled \$621 million in 2001.

The association reports that the majority of illegal imports are sports shoes. Illegal imports also include dress shoes and even very cheap, plastic beach sandals. High-priced dress shoes from the United States and women's shoes from Italy apparently have not been affected and are sold mainly in upscale shopping centers. It is expected that U.S.-made footwear will not be affected appreciably by the illegal practices described above. Also, there are no current reports of illegal copying of U.S.-made brand name shoes.



ICELAND

According to the Icelandic Ministry for Foreign Affairs, Iceland has eliminated a 10 percent tariff on infants' and children's car seats under customs classification 9401.2002.

Icelandic regulations now permit the sale of car seats that meet U.S., Canadian, or EU standards.

SPAIN

Oil plays an important, although decreasing role in the Spanish energy sector. In the 1970s, oil accounted for 73 percent of Spain's primary energy consumption, compared with 53.9 percent in 2001.

Natural gas is expected to account for a much larger share of Spain's total energy consumption in coming years, especially as new pipelines and natural gas-fired power plants expand operations. Natural gas consumption is expected to grow 15 percent annually in this decade. Almost all of this consumption will be satisfied by imports, because Spain has extremely limited domestic natural gas reserves.

For more information about the Spanish energy market, please

contact Carmen Adrada of the Commercial Service in Madrid, at (+34) 915-648-976, ext. 2606, or carmen.adrada@mail.doc.gov.

The Spanish environmental market has grown significantly in the last 10 years. European support plays a major role in Spain's growth within the European Union. In 2001, European environmental investments in Spain totaled \$12 billion.

The air pollution control sector is worth \$79 million, 1.6 percent of the total Spanish environmental market. Private investment is \$267 million, or 31.7 percent of total private investment. Public investment is \$26 million, which is only 1 percent of total public investment.

The Organization for Economic Cooperation and Development (OECD) estimates that Spanish public and private investment needs to increase up to \$4.8 billion a year in order to attain the present EU environmental protection level by the year 2005.

Most investments for air pollution control equipment are made by the

private sector, although there are some direct public and publicly promoted investments. Industries with the best immediate market potential for air pollution control equipment are thermal power, ornamental stone, ceramic, chemical, pharmaceutical, petrochemical, cement, iron, steel and food; industrial processes using incinerators and boilers; and the auto emission control sector. With a general upturn in the economy, public and private investments in the air pollution control sector are expected to increase.

EGYPT

Despite Egypt's status as a developing country, its pharmaceutical industry is relatively mature.

Domestic production grew at a compounded annual growth rate (CAGR) of 10.7 percent over the last six years, while consumption per capita grew at a CAGR of 8.7 percent. Domestic production covers 93 percent of demand; the balance is covered by imports. Egypt exports 5 percent of production, which is disappointingly low in comparison with other countries in the region. New strategies are required if the industry is to fully develop, meet the social policy demands of an increasing population, compete internationally, and export at its full potential.

To obtain a complete report on this subject, plus Commercial Service Egypt analysis and commentary, please contact the author, Heba Abdel-Aziz, at heba.abdel-aziz@mail.doc.gov, or Commercial Service Egypt at cairo.office.box@mail.doc.gov. ■

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Ask a foreign commercial officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E).